

H. R. 3365

To amend the Internal Revenue Code of 1986 to allow withdrawals from individual retirement plans without penalty for certain individuals significantly affected by the September 11, 2001, terrorist attacks.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 28, 2001

Mrs. MINK of Hawaii introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow withdrawals from individual retirement plans without penalty for certain individuals significantly affected by the September 11, 2001, terrorist attacks.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PENALTY-FREE WITHDRAWALS FROM INDIVIDUAL RETIREMENT PLANS FOR CERTAIN**
4 **INDIVIDUALS SIGNIFICANTLY AFFECTED BY**
5 **SEPTEMBER 11, 2001, TERRORIST ATTACKS.**
6

7 (a) IN GENERAL.—Paragraph (2) of section 72(t)
8 (relating to exceptions to 10-percent additional tax on

1 early distributions from qualified retirement plans) is
 2 amended by adding at the end the following new subpara-
 3 graph:

4 “(G) DISTRIBUTIONS FROM INDIVIDUAL
 5 RETIREMENT PLANS TO BENEFICIARIES AD-
 6 VERSELY AFFECTED BY SEPTEMBER 11, 2001
 7 TERRORIST ATTACKS.—Distributions before
 8 September 12, 2002, from an individual retire-
 9 ment plan to an individual significantly affected
 10 by the September 11, 2001, terrorist attacks
 11 against the United States. Distributions shall
 12 not be taken into account under the preceding
 13 sentence if such distributions are described in
 14 subparagraph (A), (C), (D), (E), or (F) or to
 15 the extent paragraph (1) does not apply to such
 16 distributions by reason of subparagraph (B).”.

17 (b) DEFINITION.—Section 72(t) of such Code is
 18 amended by redesignating paragraph (9) as paragraph
 19 (10) and by adding after paragraph (8) the following new
 20 paragraph:

21 “(9) INDIVIDUALS SIGNIFICANTLY AFFECTED
 22 BY SEPTEMBER 11, 2001, TERRORIST ATTACKS.—For
 23 purposes of paragraph (2)(G)—

24 “(A) IN GENERAL.—An individual is sig-
 25 nificantly affected by the September 11, 2001,

terrorist attacks against the United States if
the individual—

“(i) has received unemployment compensation for 12 consecutive weeks under any Federal or State unemployment compensation law and if distributions from the retirement plan are made during any taxable year during which such unemployment compensation is paid or the succeeding taxable year,

“(ii) is a 10-percent owner of a small business concern (within the meaning of the Small Business Act) that has suffered a significant negative economic impact since September 11, 2001, or

“(iii) had a spouse or dependent (as defined in section 152) die as a result of such attacks.

“(B) SIGNIFICANT NEGATIVE ECONOMIC IMPACT.—For purposes of subparagraph (A)(ii), a small business concern has suffered a significant negative economic impact if such concern is not able—

“(i) to meet its obligations on an ongoing basis,

1 “(ii) to pay its ordinary and necessary
2 operating expenses, or

3 “(iii) to market, produce, or provide a
4 product or service ordinarily marketed,
5 produced, or provided by the small busi-
6 ness concern.

7 “(C) 10-PERCENT OWNER.—For purposes
8 of subparagraph (A)(ii), the term ‘10-percent
9 owner’ means, with respect to a small business
10 concern, an individual who owns 10 percent or
11 more—

12 “(i) of the total combined voting
13 power of such concern,

14 “(ii) (by value) of the assets in such
15 concern,

16 “(iii) of the profits interest of a part-
17 nership which is such concern, or

18 “(iv) of the beneficial interest of a
19 trust or unincorporated enterprise which is
20 such concern.

21 “(D) EXCEPTION.—Subparagraph (A)
22 shall not apply to with respect to an individual
23 whom the Secretary determines was a perpe-
24 trator of any such terrorist attack.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions made on or after
3 the date of the enactment of this Act.

